

Engineering Employers' Federation Staff Pension Fund

Investment Implementation Document ("IID")

This Investment Implementation Document ("IID") covers the Engineering Employers' Federation Staff Pension Fund (the "Fund") and details the policy of the Trustee relating to the implementation of the Fund's investment arrangements, based on the Principles set out in the Fund's Statement of Investment Principles ("SIP").

Investment strategy

The Fund's current investment strategy is invested according to the following broad asset allocation:

Asset Class	Proportion (%)	Expected Return (relative to fixed interest gilts %) p.a.
Liability Driven Investment (LDI)	30	0.0
Absolute Return Bonds	10	1.3
Direct Lending	20	4.2
Semi-Liquid Credit	15	3.5
Infrastructure Equity	15	4.9
Multi-Asset Credit	10	2.6
Total	100	2.5

(1) 10-year assumptions as at 31 March 2022 relative to Bank of England 10 Year Gilts (net of management fees).

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Short-term returns in some asset classes may exhibit considerable variability.

The Fund seeks to hedge a large proportion of the interest rate and inflation risks in the Fund's Technical Provisions liabilities. This hedge target is updated periodically as the Fund's funding level improves.

The Fund's LDI mandate is allowed to move freely in order to track changes in the value of the Fund's liabilities. As a result, the LDI mandate may experience periods where it is significantly under or overweight to its target. The Trustee aims to keep the overall allocation of broadly 40% to LDI and Absolute Return Bonds.

Investment structure and mandates

The Trustee has invested in pooled funds managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Investment Manager	Proportion (%)
Legal & General (LGIM)	40
Partners Group	10
Alcentra	10
Apollo	15
JP Morgan	15
M&G	10
TOTAL	100

Mandate target returns, objectives and fees

LGIM Enhanced Service - LDI

Benchmark	Objective	Fees
Fund specific liability benchmark	Track the comparator	<i>Management Fee:</i> Between 0.17 – 0.34% p.a. dependent on portfolio composition. Additional fee charged for the enhanced service provided by LGIM.

LGIM Absolute Return Bond Fund – Absolute Return Bonds

Benchmark	Objective	Fees
ICE BofA SONIA 3-Month Constant Maturity Total Return Index	ICE BofA SONIA 3 Month Constant Maturity Total Return Index + 1.5% p.a	<i>Management fee:</i> 0.25% p.a. <i>Total Expense Ratio ('TER'):</i> 0.31% p.a.

Partners Group Private Market Credit Strategies Fund (2018) – Direct Lending

Benchmark	Objective	Fees
n/a	SONIA + 4 - 6% p.a. net	<i>Management fee:</i> 0.80% p.a. on invested assets and 0.10% one-off establishment charge. <i>Performance fee:</i> 8% profits subject to a 4% preferred return (with catch- up).

Alcentra Clareant European Direct Lending III – Direct Lending

Benchmark	Objective	Fees
n/a	-7-9% IRR Net	<i>Management fee:</i> 0.90% p.a <i>Performance fee:</i> 10% subject to 5% preferred return and catch-up.

Apollo Total Return Fund – Semi-Liquid Credit

Benchmark	Objective	Fees
ML HY/S&P LLI 50/50 blend (indicative benchmark only)	3 month SONIA + 6 - 8% p.a. (gross of fees) over a full economic cycle	<i>Management fee:</i> 0.65% <i>Admin Fee:</i> 0.2% p.a. This will revert to a cap of 0.25% p.a. as at 1 September 2022.

JP Morgan Infrastructure Investments Fund – Infrastructure Equity

Benchmark	Objective	Fees
n/a	10% p.a. (net of fees), ranging between 8 - 12% depending on market cycle stage.	<i>Management fee:</i> 0.95% p.a. <i>Performance fee:</i> 15% in excess of threshold of 7% p.a. (excludes the impact of F/X). Cap of 13.5% return reduced to 10% for the first 3 years; no catch-up.

M&G – Alpha Opportunities Fund – Multi-Asset Credit

Benchmark	Objective	Fees
1 month SONIA	1 month SONIA + 3 - 5% p.a (gross) over a rolling 3-year period	<i>Management fee:</i> 0.45% p.a.